



CreditRiskMonitor's assessment of Chesapeake Energy Corporation's ("Chesapeake") "high risk" status has been determined by a combination of factors:

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# MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's proprietary FRISK® score signals that Chesapeake (NYSE: CHK) has a 10 to 50 times greater risk of bankruptcy than the average public company.

Business Name	2019											2020	
	M	A	M	J	J	A	S	O	N	D	J	F	M
Chesapeake Energy Corporation	3	3	3	2	2	2	2	2	1	1	1	1	1

Exchanges previously issued debt with senior secured second lien notes

Hires debt restructuring advisers

Completes distressed debt exchange for common shares

FRISK® score downgraded to bottom-tier "1"

The FRISK® score is 96% accurate\* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

FRISK® Score	BANKRUPTCY RISK RELATIVE TO THE HISTORICAL AVERAGE	
	FROM	TO
10	0.00x	0.12x
9	0.12x	0.27x
8	0.27x	0.34x
7	0.34x	0.55x
6	0.55x	0.87x
5	0.87x	1.40x
4	1.40x	2.10x
3	2.10x	4.00x
2	4.00x	9.99x
1	9.99x	50.00x

While the risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of 5 or less is an important warning sign.

\* FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

## THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor® process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody’s, Fitch, & DBRS Morningstar

## Crowdsourced CreditRiskMonitor® Usage Data

[Crowdsourcing](#) has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor® subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

**The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:**

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

## DO NOT MISS THIS – MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Making misleading or fraudulent statements in an MD&A is against the law – and Sarbanes-Oxley subjects CEOs and CFOs to heavy fines or even jail time for doing so. A vital feature of the CreditRiskMonitor service is the ability to quickly access a Company’s Management Discussion and Analysis (MD&A) history. Let it sink in: there are no two people in the world with better knowledge of a company’s liquidity risk than the CEO and CFO. More than any credit manager. More than any trade group. And they’re personally liable if they’re lying.

According to the Financial Accounting Standards Board (FASB), “MD&A should provide a balanced presentation that includes both positive and negative information about the topics discussed.”

You MUST understand trends, commitments, demands and uncertainties likely to result in a material change in Liquidity and Capital Resources, like if they can continue as a going concern. If you don’t, you need help.

The screenshot displays the CreditRiskMonitor interface for Chesapeake Energy Corporation. On the left is a navigation menu with items like Overview, Company News, Risk Ratings, Annual Financials, Year/Year Interim, Sequential Quarters, Liquidity (MD&A) (highlighted in red), SEC Filings, Peer Analysis, Payments, Public Filings, General Info, Access History, Credit Limit, Update Portfolio, Print/Save Report, Currency Converter, and Send This to a Colleague. The main content area shows the company name, address (6100 North Western Avenue, Oklahoma City, OK 73118 United States), phone number (405) 848-8000, and ticker (CHK). Below this is the 'Management Discussion and Analysis History' section, which contains a red text excerpt: 'In December 2019, we entered into a secured 4.5-year term loan facility in an aggregate principal amount of \$1.5 billion for net proceeds of approximately \$1.455 billion. Our obligations under the new facility are unconditionally guaranteed on a joint and several basis by the same subsidiaries that guarantee our revolving credit facility and second lien notes (including BVL and its subsidiaries) and are secured by first-priority liens on the same collateral securing our revolving credit facility (with a position in the collateral proceeds waterfall junior to the revolving credit facility). The term loan bears interest at a rate of London Interbank Offered Rate (LIBOR) plus 8.00% per annum, subject to a 1.00% LIBOR floor, or the Alternative Base Rate (ABR) plus 7.00% per annum, subject to a 2.00% ABR floor, at our option. From time to time, we enter into arrangements and transactions that can give rise to contractual obligations and off-balance sheet commitments. Some of our counterparties have requested or required us to post collateral as financial assurance of our performance under certain contractual arrangements, such as gathering, processing, transportation and hedging agreements. As of February 24, 2020, we have posted approximately \$60 million of collateral related to certain of our marketing and other contracts. We may be requested or required by other counterparties to post additional collateral in an aggregate amount of approximately \$220 million, which may be in the form of additional letters of credit, cash or other acceptable collateral.'

# COMPANY REPORT DETAIL

## Chesapeake Energy Corporation

6100 North Western Avenue

Oklahoma City, OK 73118 United States

Phone: (405) 848-8000

Ticker: **CHK**

Latest Financial Statements as of 12/31/2019

### Business Summary

Chesapeake Energy Corporation is an exploration and production company. The Company is engaged in the acquisition, exploration and development of properties to produce oil, natural gas and natural gas liquids (NGL) from underground reservoirs. It operates in one segment: Exploration and Production, engaged in finding and producing oil, natural gas and NGL. It has a diverse resource base of onshore the United States unconventional natural gas and liquids assets. The Company has interests in approximately 13,500 oil and natural gas wells. It has positions in resource plays of the Eagle Ford Shale in South Texas, the stacked pay in the Powder River Basin in Wyoming and the Anadarko Basin in northwestern Oklahoma. Its natural gas resource plays are the northern Appalachian Basin in Pennsylvania and the Haynesville/Bossier Shales in northwestern Louisiana.

(Source: 10-K)

Employees: 2,300 (as of 12/31/2019)

Incorporated: 11/19/1996

Federal Tax Id: 731395733

### Credit Score History

[Why are these scores different?](#)

### FRISK® Score Analysis

Score/ Index	2019												2020			
	M	A	M	J	J	A	S	O	N	D	J	F	M	J	F	M
<b>FRISK® Score*</b>	3	3	3	2	2	2	2	2	1	1	1	1	1			
<b>DBT Index</b>	9	9	9	9	9	9	9	9	9	9	9	9	9	DBT	DBT	DBT
<b>Z'-Score</b>	-3.64	-2.8		-2.34				-2.29					-2.93			

\*FRISK® Scores are month-end

- Probability of bankruptcy within 12 months is 10% to 50%.
- Trade payments are prompt, "cloaking" the risk.
- Bonds are rated as non-investment grade ("junk").
- Market Cap over 1 billion.
- Ticker symbol.

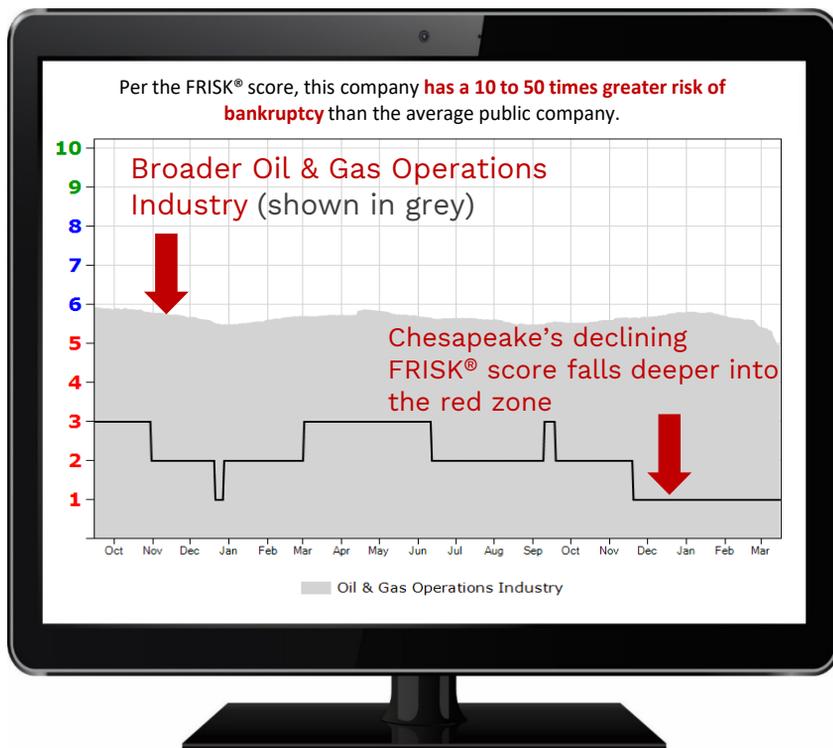
The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

Payment performance, captured by the Days Beyond Terms (DBT) index, which is very similar to D&B's PAYDEX® score, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing. This is what's commonly called the "Cloaking Effect."

### Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating	W
<b>Moody's</b>	Caa1	Stable	SGL-3	C
<b>Fitch</b>	NR		NR	

# FRISK® DEEP DIVE



The FRISK® score relative to the broader Oil & Gas Operations industry raises an additional red flag signaling heightened risk relative to peers, as well...

**MAKING IMMEDIATE ATTENTION REQUIRED.**

# ADJUSTED MARKET CAP VOLATILITY



One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

# FRISK® STRESS INDEX

#	Business Name	Country	Current FRISK® score
1	<a href="#">California Resources Corp</a>	United States	1
2	<a href="#">Ultra Petroleum Corp</a>	United States	1
3	<a href="#">Chesapeake Energy Corporation</a>	United States	1
4	<a href="#">Gulfport Energy Corporation</a>	United States	1
5	<a href="#">Nostrum Oil &amp; Gas PLC</a>	Netherlands	1
6	<a href="#">Unit Corporation</a>	United States	1
7	<a href="#">Dommo Energia SA</a>	Brazil	1
8	<a href="#">Denbury Resources Inc.</a>	United States	1
9	<a href="#">W&amp;T Offshore, Inc.</a>	United States	1
10	<a href="#">MIE Holdings Corp</a>	China	1

## FRISK® Stress Index - SIC classification: Crude petroleum and natural gas

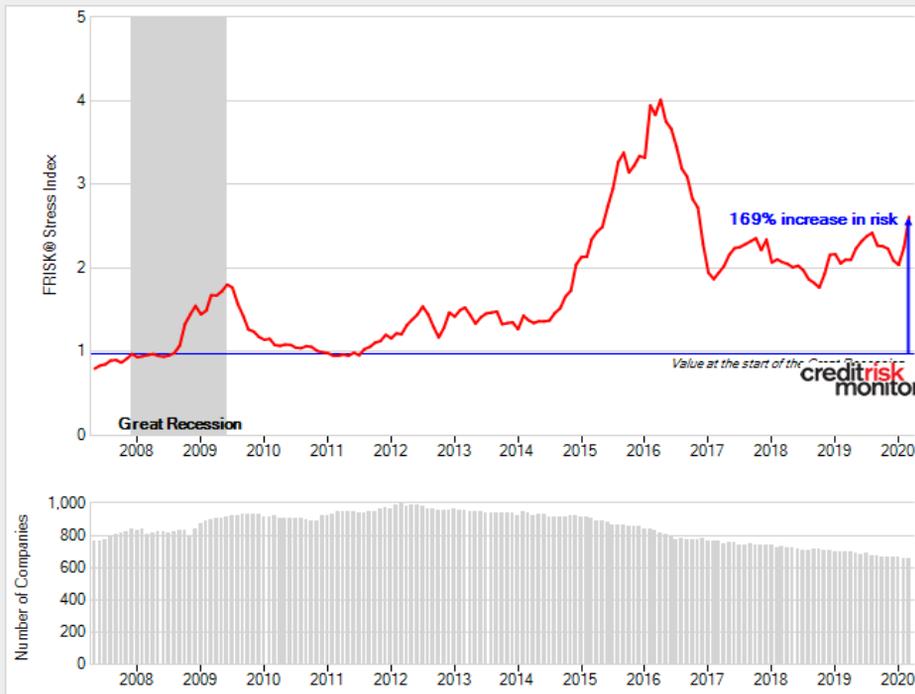
Primary industry codes only
  Primary and secondary industry codes

Businesses From:  CLEAR  
 In Industry:   
 Country:

**UPDATE RESULTS**

Scale:

Total Companies in all months **1,598**



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

**The average probability of failure for SIC code 1311 (Crude petroleum and natural gas) has increased 169% since 2007.** Chesapeake is among the weakest names in the industry as evidenced by its FRISK® score of 1.

[Request a Personalized Demo](#)

# PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers

Calendar Year/Quarter: 2019.4

Businesses in Peer Group: 3323

	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
<b>Credit Ratings</b>						
Z-Score	288	360	-2.93	-33,717.90	1.46	795.24
<b>Performance ratios:</b>						
Net Sales (Thousands of U.S. Dollars)	30	172	1,916,000	0	254,630	108,013,000
Gross Margin % Of Sales	66	348	76.57	-1,451.28	44.43	135.94
Gross Margin % Of Sales -- TTM	63	353	78.65	-1,385.48	45.53	101.80
SGA % Of Sales	320	360	51.62	0.05	10.45	75,386.49
SGA % Of Sales -- TTM	322	361	50.49	0.07	11.09	36,957.05
Operating Margin % Of Sales	279	384	-11.01	-90,241.72	5.47	882.52
Operating Margin % Of Sales -- TTM	265	386				
EBITDA Margin Of Sales	150	271				
EBITDA Margin Of Sales -- TTM	141	280				
Net Profit Margin % Of Sales	280	384				
Net Profit Margin % Of Sales -- TTM	264	386				
Pre-tax Income % Of Sales	280	384				
Effective Tax Rate	135	368				
Depreciation % Of Prop/Plant/Equipment	293	369				
Capital Expense % Of Prop/Plant/Equipment	189	311				
Interest Coverage	162	267	2.44	-1,693.97	3.95	180.21
Interest Coverage -- TTM	160	278	3.37	-1,447.76	4.44	199.84
<b>Liquidity ratios:</b>						
Cash Ratio	351	382	0.00	0.00	0.29	327.37
Quick Ratio	318	360	0.30	0.00	0.73	177.73
Current Ratio	331	382				
<b>Efficiency ratios:</b>						
Accounts Receivable Turnover	94	394				
Days Sales Outstanding	110	384				
% of Inventory Financed by Vendors		167				
% of Inventory Financed by Vendors -- TTM		204				
Inventory Turnover		264				
Inventory Turnover -- TTM		267				
Days Sales in Inventory		253				
Inventory to Working Capital		231				
Accounts Payable Turnover	154	286	3.51	0.00	4.07	213.57
Accounts Payable Turnover -- TTM	172	290	2.90	-0.74	4.07	362.20
<b>Leverage &amp; debt coverage:</b>						
Total Debt to Equity Ratio	294	315	2.15	0.00	0.51	8.72
Debt to Tangible Equity Ratio	278	307	2.15	0.00	0.58	11.34
Total Debt to Assets Ratio	309	342	0.59	0.00	0.26	69.33
Short-Term Debt % of Total Debt	81	288	4.16	0.00	14.82	100.00
Short-Term Debt % of Working Capital	250	290	-34.53	-65,017.73	0.98	4,203.92
Liabilities to Net Worth Ratio	295	346	2.68	0.00	1.03	38.78
Total Liabilities to Equity Ratio	317	355	2.68	0.00	0.99	29.80
TTM EBITDA to Total Debt	181	274	0.24	-90.50	0.38	409.78
Net Debt to TTM EBITDA	183	219	4.15	-4.56	1.80	154.06

Rank	Company Name
1	Red Emperor Resources NL
2	Carnarvon Petroleum Limited
3	TAG Oil Ltd
4	Eco Atlantic Oil & Gas Ltd
5	Metgasco Limited

Rank	Company Name
1	Avanti Energy Inc
2	Strike Energy Ltd
3	Brigham Minerals Inc
4	CGX Energy Inc
5	Eor Group Ltd

**Green** - Ranked in Upper Quartile of Peer Group  
**White** - Ranked in the Middle Two Quartiles of Peer Group  
**Red** - Ranked in Lower Quartile of Peer Group  
**Orange** - Confidential  
**Grey** - Data is Not Available

TTM = trailing 12 months  
N/A = Not Available

Chesapeake demonstrates bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

# QUARTERLY PERFORMANCE RATIOS

Cumulative operating and net losses over last four fiscal quarters

Declining interest coverage ratio & negative free cash flow

## Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 12/31/2019	3 mos 9/30/2019	3 mos 6/30/2019	3 mos 3/31/2019	3 mos 12/31/2018
<b>Net Sales \$</b>	<b>\$1,916,000</b>	<b>\$2,074,000</b>	<b>\$2,385,000</b>	<b>\$2,177,000</b>	<b>\$3,084,000</b>
% change	-7.62%	-13.04%	9.55%	-29.41%	26.71%
<b>Gross Margin \$</b>	<b>\$1,467,000</b>	<b>\$1,614,000</b>	<b>\$1,908,000</b>	<b>\$1,737,000</b>	<b>\$2,591,000</b>
% change	-9.11%	-15.41%	9.84%	-32.96%	36.08%
% of sales	76.57%	77.82%	80.00%	79.79%	84.01%
change as % of incremental sales	n/m	n/m	82.21%	n/m	105.69%
<b>SG&amp;A \$</b>	<b>\$989,000</b>	<b>\$967,000</b>	<b>\$1,029,000</b>	<b>\$1,333,000</b>	<b>\$1,422,000</b>
% change	2.28%	-6.03%	-22.81%	-6.26%	7.81%
% of sales	51.62%	46.62%	43.14%	61.23%	46.11%
change as % of incremental sales	n/m	n/m	-146.15%	n/m	15.85%
<b>Operating margin \$</b>	<b>(\$211,000)</b>	<b>\$116,000</b>	<b>\$255,000</b>	<b>(\$183,000)</b>	<b>\$749,000</b>
% change	-281.90%	-54.51%	239.34%	-124.43%	5,250.00%
% of sales	-11.01%	5.59%	10.69%	-8.41%	24.29%
change as % of incremental sales	n/m	n/m	210.58%	n/m	113.08%
<b>EBITDA \$</b>	<b>\$390,000</b>	<b>\$692,000</b>	<b>\$853,000</b>	<b>\$345,000</b>	<b>\$1,156,000</b>
% change	-43.64%	-18.87%	147.25%	-70.16%	172.00%
% of sales	20.35%	33.37%	35.77%	15.85%	37.48%
change as % of incremental sales	n/m	n/m	244.23%	n/m	112.46%
<b>EBIT \$</b>	<b>(\$202,000)</b>	<b>\$119,000</b>	<b>\$273,000</b>	<b>(\$174,000)</b>	<b>\$754,000</b>
% change	-269.75%	-56.41%	256.90%	-123.08%	3,670.00%
% of sales	-10.54%	5.74%	11.45%	-7.99%	24.45%
change as % of incremental sales	n/m	n/m	214.90%	n/m	112.92%
<b>Pre-tax income \$</b>	<b>(\$340,000)</b>	<b>(\$62,000)</b>	<b>\$98,000</b>	<b>(\$335,000)</b>	<b>\$603,000</b>
% change	-448.39%	-163.27%	129.25%	-155.56%	515.86%
% of sales	-17.75%	-2.99%	4.11%	-15.39%	19.55%
change as % of incremental sales	n/m	n/m	208.17%	n/m	115.08%
<b>Net income (loss) \$</b>	<b>(\$324,000)</b>	<b>(\$61,000)</b>	<b>\$98,000</b>	<b>(\$21,000)</b>	<b>\$604,000</b>
% change	-431.15%	-162.24%	566.67%	-103.48%	513.70%
% of sales	-16.91%	-2.94%	4.11%	-0.96%	19.59%
change as % of incremental sales	n/m	n/m	57.21%	n/m	115.38%
<b>Tax expense \$</b>	<b>(\$16,000)</b>	<b>(\$1,000)</b>	<b>\$0</b>	<b>(\$314,000)</b>	<b>(\$2,000)</b>
Effective tax rate	4.71%	1.61%	0.00%	93.73%	-0.33%
<b>Depreciation expense \$</b>	<b>\$592,000</b>	<b>\$573,000</b>	<b>\$580,000</b>	<b>\$519,000</b>	<b>\$402,000</b>
% of sales	30.90%	27.63%	24.32%	23.84%	13.04%
% of capital expenses	104.78%	96.63%	100.87%	97.92%	87.20%
% of PP&E, net (annualized)	15.97%	15.41%	15.56%	16.12%	14.66%
<b>Capital expenditures \$</b>	<b>\$565,000</b>	<b>\$593,000</b>	<b>\$575,000</b>	<b>\$530,000</b>	<b>\$461,000</b>
% change	-4.72%	3.13%	8.49%	14.97%	-7.98%
% of PP&E, net (annualized)	15.24%	15.95%	15.43%	16.46%	16.81%
% of working capital (annualized)	-216.68%	-266.37%	-191.59%	-148.56%	-121.72%
<b>Interest coverage ratio</b>	<b>2.44</b>	<b>3.82</b>	<b>4.87</b>	<b>2.14</b>	<b>6.84</b>
% change	-36.24%	-21.56%	127.46%	-68.67%	204.18%
<b>Free cash flow \$</b>	<b>(\$124,000)</b>	<b>(\$264,000)</b>	<b>(\$178,000)</b>	<b>(\$74,000)</b>	<b>(\$126,000)</b>
% change	53.03%	-48.31%	-140.54%	41.27%	-121.05%
Source:	10-K 2/27/2020	10-Q 11/5/2019	10-Q 8/6/2019	10-Q 5/9/2019	10-K 2/27/2020

# QUARTERLY LEVERAGE RATIOS

Total debt to assets remains highly elevated, leaving little degree of protection for creditors

Short term debt to working capital deficit widens, indicative of refinancing risk

## Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
<b>Total debt \$</b>	<b>\$9,476,000</b>	<b>\$9,360,000</b>	<b>\$9,722,000</b>	<b>\$9,571,000</b>	<b>\$7,722,000</b>
% change	1.24%	-3.72%	1.58%	23.94%	-21.30%
<b>Stockholders' equity \$</b>	<b>\$4,401,000</b>	<b>\$4,735,000</b>	<b>\$4,230,000</b>	<b>\$4,138,000</b>	<b>\$2,133,000</b>
% change	-7.05%	11.94%	2.22%	94.00%	5,569.23%
<b>Total debt to equity ratio</b>	<b>2.15</b>	<b>1.98</b>	<b>2.30</b>	<b>2.31</b>	<b>3.62</b>
% change	8.92%	-13.99%	-0.64%	-36.11%	n/a
<b>Tangible net worth \$</b>	<b>\$4,401,000</b>	<b>\$4,735,000</b>	<b>\$4,230,000</b>	<b>\$4,138,000</b>	<b>\$2,133,000</b>
% change	-7.05%	11.94%	2.22%	94.00%	5,569.23%
<b>Total debt to tangible net worth</b>	<b>2.15</b>	<b>1.98</b>	<b>2.30</b>	<b>2.31</b>	<b>3.62</b>
% change	8.92%	-13.99%	-0.64%	-36.11%	n/a
<b>Total assets \$</b>	<b>\$16,193,000</b>	<b>\$16,579,000</b>	<b>\$16,540,000</b>	<b>\$16,637,000</b>	<b>\$12,735,000</b>
% change	-2.33%	0.24%	-0.58%	30.64%	0.60%
<b>Total debt to assets ratio</b>	<b>0.59</b>	<b>0.56</b>	<b>0.59</b>	<b>0.58</b>	<b>0.61</b>
% change	3.65%	-3.95%	2.17%	-5.13%	-21.76%
<b>Tangible assets \$</b>	<b>\$16,193,000</b>	<b>\$16,579,000</b>	<b>\$16,540,000</b>	<b>\$16,637,000</b>	<b>\$12,735,000</b>
% change	-2.33%	0.24%	-0.58%	30.64%	0.60%
<b>Short-term debt \$</b>	<b>\$394,000</b>	<b>\$217,000</b>	<b>\$9,000</b>	<b>\$389,000</b>	<b>\$381,000</b>
% change	81.57%	2,311.11%	-97.69%	2.10%	-11.81%
<b>Short-term debt % of total debt</b>	<b>4.16%</b>	<b>2.32%</b>	<b>0.09%</b>	<b>4.06%</b>	<b>4.93%</b>
% change	79.34%	2,403.67%	-97.72%	-17.62%	12.07%
<b>Short-term debt % of working capital</b>	<b>-34.53%</b>	<b>-22.96%</b>	<b>-1.08%</b>	<b>-24.86%</b>	<b>-29.56%</b>
% change	-50.38%	-2,032.92%	95.67%	15.91%	-19.12%
<b>Total liabilities \$</b>	<b>\$11,792,000</b>	<b>\$11,844,000</b>	<b>\$12,310,000</b>	<b>\$12,499,000</b>	<b>\$10,602,000</b>
% change	-0.44%	-3.79%	-1.51%	17.89%	-16.51%
<b>Total liabilities to equity ratio</b>	<b>2.68</b>	<b>2.50</b>	<b>2.91</b>	<b>3.02</b>	<b>4.97</b>
% change	7.12%	-14.05%	-3.65%	-39.23%	n/a
<b>Total liabilities to tangible net worth ratio</b>	<b>2.68</b>	<b>2.50</b>	<b>2.91</b>	<b>3.02</b>	<b>4.97</b>
% change	7.12%	-14.05%	-3.65%	-39.23%	n/a
<b>Total debt to EBITDA ratio (annualized)</b>	<b>6.07</b>	<b>3.38</b>	<b>2.85</b>	<b>6.94</b>	<b>1.67</b>
% change	70.12%	18.67%	-58.92%	315.30%	-71.07%
Source:			10-Q 8/6/2019	10-Q 5/9/2019	10-Q 5/9/2019

Elevated debt to EBITDA commensurate with highly leveraged borrower

# QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Recurring working capital deficit

Meager cash, quick, and current ratios

## Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
<b>Current assets \$</b>	<b>\$1,251,000</b>	<b>\$1,403,000</b>	<b>\$1,384,000</b>	<b>\$1,365,000</b>	<b>\$1,598,000</b>
% change	-10.83%	1.37%	1.39%	-14.58%	29.39%
% of short-term debt	317.51%	646.54%	15,377.78%	350.90%	419.42%
<b>Current liabilities \$</b>	<b>\$2,392,000</b>	<b>\$2,348,000</b>	<b>\$2,220,000</b>	<b>\$2,930,000</b>	<b>\$2,887,000</b>
% change	1.87%	5.77%	-24.23%	1.49%	-2.99%
<b>Working capital \$</b>	<b>(\$1,141,000)</b>	<b>(\$945,000)</b>	<b>(\$836,000)</b>	<b>(\$1,565,000)</b>	<b>(\$1,289,000)</b>
% change	-20.74%	-13.04%	46.58%	-21.41%	25.96%
% of sales (annualized)	-14.89%	-11.39%	-8.76%	-17.97%	-10.45%
<b>Cash \$</b>	<b>\$6,000</b>	<b>\$14,000</b>	<b>\$4,000</b>	<b>\$8,000</b>	<b>\$4,000</b>
% change	-57.14%	250.00%	-50.00%	100.00%	0.00%
% of short-term debt	1.52%	6.45%	44.44%	2.06%	1.05%
<b>Cash ratio</b>	<b>0.00</b>	<b>0.01</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
% change	-58.33%	233.33%	-33.33%	92.86%	7.69%
<b>Quick assets \$</b>	<b>\$722,000</b>	<b>\$637,000</b>	<b>\$665,000</b>	<b>\$875,000</b>	<b>\$963,000</b>
% change	13.34%	-4.21%	-24.00%	-9.14%	17.87%
% of short-term debt	183.25%	293.55%	7,388.89%	224.94%	252.76%
<b>Quick ratio</b>	<b>0.30</b>	<b>0.27</b>	<b>0.30</b>	<b>0.30</b>	<b>0.33</b>
% change	11.24%	-9.42%	0.30%	-10.49%	21.53%
<b>Current ratio</b>	<b>0.52</b>	<b>0.60</b>	<b>0.62</b>	<b>0.47</b>	<b>0.55</b>
% change	-12.47%	-4.15%	33.81%	-15.83%	33.37%
Source:	10-K 2/27/2020	10-Q 11/5/2019	10-Q 8/6/2019	10-Q 5/9/2019	10-Q 5/9/2019

Poor returns on equity and assets

## Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 12/31/2019	3 mos 9/30/2019	3 mos 6/30/2019	3 mos 3/31/2019	3 mos 12/31/2018
<b>Return on equity</b>	<b>-6.84%</b>	<b>-1.44%</b>	<b>2.37%</b>	<b>-0.98%</b>	<b>n/a</b>
% change	-374.50%	-160.89%	340.56%	n/a	n/a
<b>Return on net tangible equity</b>	<b>-6.84%</b>	<b>-1.44%</b>	<b>2.37%</b>	<b>-0.98%</b>	<b>n/a</b>
% change	-374.50%	-160.89%	340.56%	n/a	n/a
<b>Return on total assets</b>	<b>-1.98%</b>	<b>-0.37%</b>	<b>0.59%</b>	<b>-0.14%</b>	<b>4.76%</b>
% change	-436.73%	-162.36%	513.15%	-103.01%	507.28%
<b>Return on tangible assets</b>	<b>-1.98%</b>	<b>-0.37%</b>	<b>0.59%</b>	<b>-0.14%</b>	<b>4.76%</b>
% change	-436.73%	-162.36%	513.15%	-103.01%	507.28%
Source:	10-K 2/27/2020	10-Q 11/5/2019	10-Q 8/6/2019	10-Q 5/9/2019	10-K 2/27/2020

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